UFCW and Participating Employers Pension Fund

March 18, 2021

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Topics

- Plan Recap
- 2021 PPA Certification
  - Industry Activity
  - Projections
- Rehabilitation Plan

Plan Recap

	1/1/2020	Projected 1/1/2021
Market Value of Assets	$123.5 M	$124.3 M*
Prior Year MVA Return (net)	17.15%	9.93%
Actuarial Value of Assets	$119.8 M	$118.9 M
Actuarial Liability	$224.1 M	$227.4 M
AVA Funding Ratio	53.5%	52.3%
Credit Balance (Deficit)	$(16.5) M	$(29.5) M
Contributions	$4.6 M	$4.7 M est.
Support Ratio (Inactive to Active Participants)	3.0	4.5
Negative Cash Flow as % of MVA	8.9%	9.7%

*Preliminary 2021 investment assets from IPS, does not include receivables or other assets

2021 PPA Certification

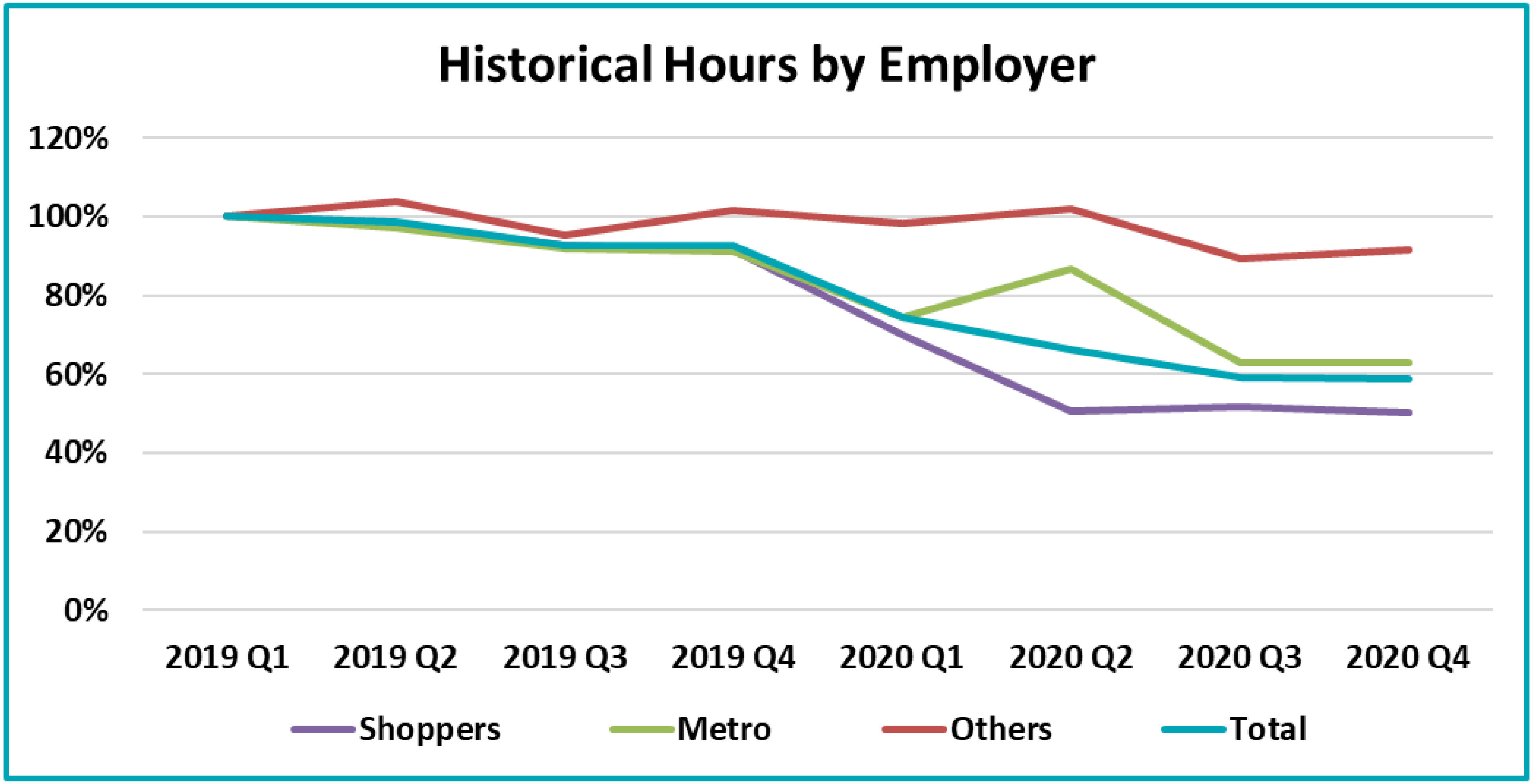
- Certification due by March 31, 2021
  - Actuary can make all assumptions except the industry activity assumption (must be based on information from Fund Sponsor)
- Industry Activity Assumption
  - Prior year assumption was 44% decline for Shoppers in 2020 followed by 5% decline for UNFI stores thereafter
  - Actual 2020 hours: Shoppers declined 42%, Metro declined 24%, and Others declined 5%

Industry Activity

UFCW and Participating Employers Pension Fund Historical Hours by Employer				
Quarter	Shoppers	Metro	Others	Total
2019 Q1	764,884	323,729	150,651	1,239,264
2019 Q2	751,631	314,069	156,703	1,222,403
2019 Q3	709,857	297,176	143,598	1,150,631
2019 Q4	699,581	295,118	153,271	1,147,970
2020 Q1	534,641	241,206	147,883	923,730
2020 Q2	385,678	280,444	153,771	819,893
2020 Q3	394,563	203,902	134,827	733,292
2020 Q4	384,996	203,993	137,873	726,862

Due to UNFI decrease in hours, UNFI now accounts for 81% of total hours in 2020 Q4 (compared to 88% of total hours in 2019 Q1)

Industry Activity



Baseline Projection

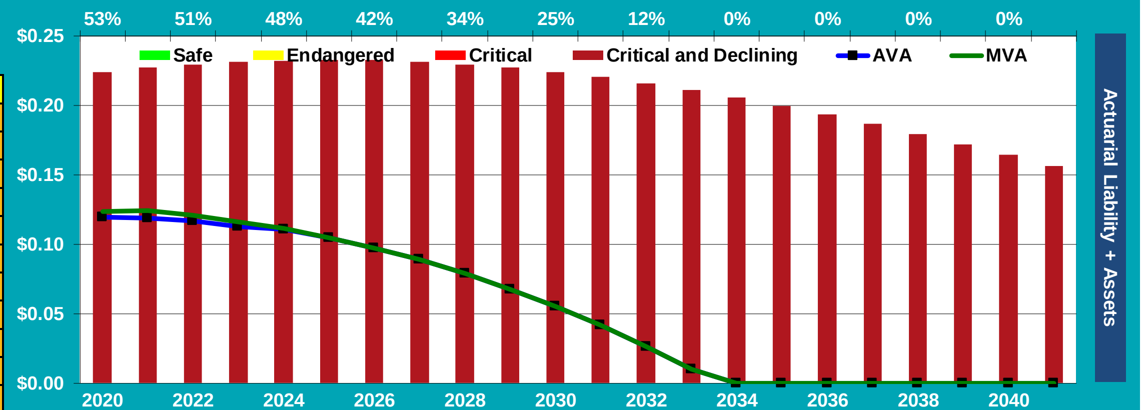
- Baseline Projection (2020 valuation)
  - – Estimated 2021 assets (estimated return of 9.93% for 2020), 7.25% assumed return thereafter
  - – Annual contribution rate increases follow the Rehabilitation Plan (RP)
    - Contributions equivalent to SuperValu 10 cent per year increase
  - – Membership decline: Actual 2020 declines and 5% decline for UNFI in 2021 and beyond (TBD)
  - – Plan expected to be certified as Critical & Declining status in 2021 and projected insolvent in 2033

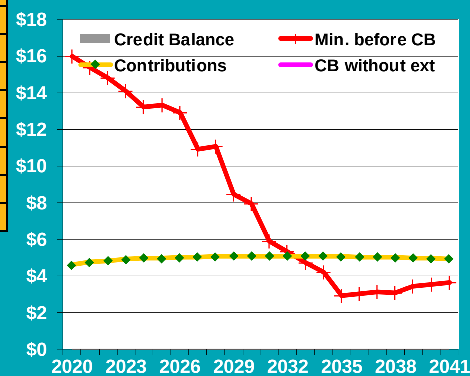
Baseline Projection

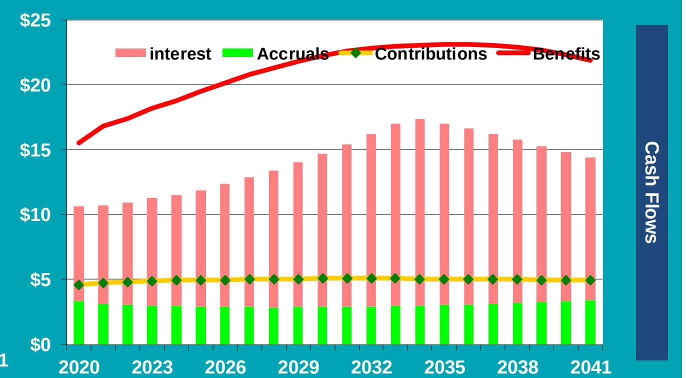
MFD	2020
Insolvent PYB	2033
Emergence	N/A
2020 Return	9.93%
2020 Discount Rate	7.25%
Decline Scenarios	5% UNFI declines after 2020 (2020 PPA cert)
Use Actual Cash Flows	Y
2020 RP Incr. Start	2020
First Incr., 2020	0.10
Subsequent Incr.	0.10

2020

PYB	Return	Cont	Ben	Mem Grwth	Mem SFW	Mem Metro
2020	9.93%	6.8%	0.0%	-5.0%	-42.0%	-24.0%
2021	7.25%	6.4%	0.0%	0.0%	-5.0%	-5.0%
2022	7.25%	6.0%	0.0%	0.0%	-5.0%	-5.0%
2023	7.25%	5.7%	0.0%	0.0%	-5.0%	-5.0%
2024	7.25%	5.4%	0.0%	0.0%	-5.0%	-5.0%
2025	7.25%	5.1%	0.0%	0.0%	-5.0%	-5.0%
2026	7.25%	4.8%	0.0%	0.0%	-5.0%	-5.0%
2027	7.25%	4.6%	0.0%	0.0%	-5.0%	-5.0%
2028	7.25%	4.4%	0.0%	0.0%	-5.0%	-5.0%
2029	7.25%	4.2%	0.0%	0.0%	-5.0%	-5.0%
2030	7.25%	4.1%	0.0%	0.0%	-5.0%	-5.0%
2031	7.25%	3.9%	0.0%	0.0%	-5.0%	-5.0%
2032	7.25%	3.8%	0.0%	0.0%	-5.0%	-5.0%
2033	7.25%	3.6%	0.0%	0.0%	-5.0%	-5.0%
2034	7.25%	3.5%	0.0%	0.0%	-5.0%	-5.0%
2035	7.25%	3.4%	0.0%	0.0%	-5.0%	-5.0%
2036	7.25%	3.3%	0.0%	0.0%	-5.0%	-5.0%
2037	7.25%	3.2%	0.0%	0.0%	-5.0%	-5.0%
2038	7.25%	3.1%	0.0%	0.0%	-5.0%	-5.0%
2039	7.25%	3.0%	0.0%	0.0%	-5.0%	-5.0%
AVE	7.38%					







Rehabilitation Plan

- Requirement to consider RP on an annual basis
- Current RP is operating under reasonable measures to emerge from critical status *eventually*
- Updated RP required to reflect current market and demographic trends
  - 2021 PPA Certification expected to be certified as Critical & Declining
  - Failure to make scheduled progress in 2021 (2nd consecutive failure)
  - Excise taxes could be imposed on 3rd failure

Rehabilitation Plan: Decline Scenarios

- Scenarios resulting in emergence are presented based on three industry activity scenarios:
  - – No further declines after 2020
  - – 5% decline for UNFI stores after 2020
  - – 44% decline for Shoppers stores in 2021, then no further declines

Rehabilitation Plan: Emergence

Industry Activity	Annual Increases for UNFI starting in 2021, commensurate increases required for other employers
No further decline after 2020	20 cents per hour
5% decline for UNFI stores after 2020	50 cents per hour
44% decline in 2021 for Shoppers Stores, then no further decline	32 cents per hour

Rehabilitation Plan: Forestall Insolvency

- Based on industry activity of 5% decline for UNFI stores after 2020 (shown in Baseline projection), Plan is projected insolvent in 2033
- In order to forestall insolvency by one month, UNFI contribution would need to increase by 14 cents for 2021, followed by 10 cent per year thereafter

Required Disclosures

In preparing this presentation, we relied on information (some oral and some written) supplied by the Fund Office. This information includes, but is not limited to, the plan provisions, employee data, and financial information. This analysis was based on the current assumptions and methods, financial data through 12/31/2020, and the 1/1/2020 membership data. Unless otherwise noted, details regarding assumptions, methods, and participant valuation data are outlined in the 2020 actuarial valuation report, which is required for a complete understanding of the results contained herein. Actual results can be expected to differ to the extent that future experience differs from the actuarial assumptions used.

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This presentation and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this presentation. This presentation does not address any contractual or legal issues. We are not an attorneys and our firm does not provide any legal services or advice.

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